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A Plan B for funding California's future

By George Argyros, John Hawkins, Gray Davis, Pete Wilson and George Deukmejian

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Southern California needs two essential elements for its future success – economic prosperity and quality of life. We can't have one without the other and we won't have either if we don't plan for the future. Unfortunately, Plan A – relying on the government to fund our critical infrastructure needs – is no longer a viable option.

Over the next 20 years, our region will grow by more than 5 million people – more than two Chicagos. And most of this population growth will be internally created, not “imported.” Meanwhile, goods movement to and from booming Asian economies will triple along our trade corridors. As the port of entry for more than 40 percent of the nation's waterborne imports, Southern California faces both the challenges (congestion and air quality) and the opportunities (more than 1 million new, good-paying logistics industry jobs) linked to this growth.

We need to plan and build the necessary infrastructure if we are to preserve our future success. Such needs include modern, clean transportation systems for people and goods; more reliable water supplies; additional schools; health care and other public service facilities to meet the needs of an aging population; new housing for our children; and wide area communication and data networks to attract and grow future technology-based industries.

California took a dramatic first step last November by passing Propositions 1A-IE to help fund our future transportation, water, school, housing and environmental needs. However, a year later little of this funding has been put to work. In order to balance the state's 2007 budget, \$1 billion in gas-tax money was again diverted to other state needs. None of the Proposition 1B goods-movement infrastructure funds were authorized, either. Now the state treasurer is warning that the fiscal imbalance could continue for 20 more years. The federal government echoes much of the same: too many needs, not enough money.

It's clear we need a new solution, a Plan B, to ensure our state's future success. We can do so by creating “Public Private Partnerships,” or P3. Through P3, most of the highway, bridge, rail, water conveyance, public health and other facilities projects are paid for out of a combination of taxpayer-supported bonds, private equity and debt and fees charged to those who actually use or benefit from the infrastructure and services.

One successful model in British Columbia created a “state enterprise agency” to identify P3 opportunities and then impartially evaluate private-or public-sector involvement while focusing on ensuring the long-term protection and benefit of the community.

Why haven't we started? Because Sacramento needs to pass legislation enabling P3 to function in this state. Senate Bill 61, supported by Gov. Arnold Schwarzenegger, is a first step but is stuck in the Assembly because of opposition by public employee unions that believe their jobs may be threatened. What they don't

understand is that without this Plan B, a lagging economy and dwindling state revenue stream would indeed threaten their jobs and retirements.

We need a bigger solution. We need a fair, open process that clears the way to plan for major new infrastructure projects that attract private-sector planning, management and financial skills, while protecting the long-term interests of the broader community.

The time to move forward is now. Each year we fall further behind. We already have the worst congestion and air quality in the nation. Either we implement Plan B and ensure a vibrant future for all, or we face impending gridlock and a slow decline into a Third World existence.

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